

SUMMARY

The County Administration, through the Chairman of the County Council, requested that the County Auditor's Office review the 'Proud Parents' and 'Homework Club' programs administered by the Ellicott City Neighborhood Partnership. The review was requested after an initial grant review was conducted by the Department of Citizen Services and after the receipt of citizen complaints by the Department of Citizen Services and the County Administration.

We reviewed the available FY 2002 financial and programmatic documentation for these programs. We found documentation for the revenues and expenditures of these two programs, however, that documentation was not sufficient to verify that expenditures were related to approved goals of the grant program. Three issues contributed to this problem. (1) The documentation itself did not include enough information such as signed, approved time sheets, program and event sign-in sheets, descriptions of events, etc. (2) The lack of a final approved work plan and budget once a decreased grant award had been made to the grant recipient. (3) Monies from different funding sources were commingled into one bank account and expenditure designation could not be determined.

We found documentation verifying that the partnership received in FY 2002 and deposited in its bank accounts \$7,500 for the 'Proud Parents' program and \$10,000 for the 'Homework Club' program. These bank accounts also included monies from the Columbia Foundation and church donations. During the review period, we found checks totaling \$26,556 through early May 2002 were paid out of the partnership bank accounts. However, there was insufficient documentation to determine which funding source was used or to which program the expenditures related and what services were performed. Because of this lack of documentation and insufficient information in the grant reports, the Department of Citizen Services withheld the last \$2,500 of the 'Proud Parents' program grant and has not awarded any additional grants to the partnership. The contract agreement between the County and the partnership stipulated that "a report that clearly shows fund expenditures and program performance was required to be submitted semi-annually. If satisfactory reports were not received by the indicated deadlines, subsequent payments could be withheld until a satisfactory report was received." Based on our review of the documentation, this appears to be warranted.

In the report that follows, we present our detailed findings and observations of the programs based on our review of available records and discussions with individuals involved in

the operation of and monitoring of the programs. In addition, we have made recommendations that should be implemented by the Ellicott City Neighborhood Partnership (and other grantee agencies where necessary) and by the Department of Citizen Services prior to negotiating future agreements.

INTRODUCTION AND SCOPE

The Ellicott City Neighborhood Partnership was awarded a grant of \$10,000 in County funds in FY 2002 from Community Service Partnerships, through the Department of Citizen Services for the ‘Proud Parents’ program. This program is a parental involvement portion of the After School Homework Club. The partnership received \$7,500 of the \$10,000 grant it was awarded. The partnership also was awarded and received \$10,000 in both FY 2001 and FY 2002 from the Local Children’s Board, through the Department of Citizen Services, to provide after school programs for “at-risk” youth. This funding was provided by the State of Maryland through the After School Opportunities Act and required no local County funding. Personnel from Community Service Partnerships and the Local Children’s Board monitored the grantee. They found a number of problems related to fiscal management, particularly a lack of internal control over expenditures. The Director of Citizen Services, through the County Administration and the County Council Chairman, requested that our office perform a review of these programs.

As part of our review, we obtained copies of documents, including checks and bank statements, correspondence and agreements from Community Service Partnerships and the Local Children’s Board. We also met with their representatives to gain further insight. After our initial review of the documents, we sent Dr. John Carter, the president of the Ellicott City Neighborhood Partnership, a letter requesting additional information. We then met with Dr. Carter to discuss the use of the grant funds, and we received some of the items we had requested.

FINDINGS

Community Service Partnerships Grant

The Ellicott City Neighborhood After School Homework Club Partnership applied for a \$20,000 grant from Community Service Partnerships for FY 2002 to support the development and expansion of the After School Homework Club Program. The grant requested support for the parental involvement portion of the After School Homework Club Program, called 'Proud Parents.' The 'Proud Parents' program would increase parental involvement and participation in their children's lives through bi-monthly workshops designed by the Homework Club. The population served in the After School Homework Club Program is low socioeconomic status, at-risk African American elementary and middle and high school students. According to the grant application, the program serves 40 children, 20 elementary school and 20 middle and high school students. Through this program, parents would be able to learn how to tutor their children with homework, support and foster learning and critical thinking, understand the importance of education, and make good and positive choices for their children and families. The 'Proud Parents' component would provide bi-monthly workshops for parents taught by professionals to gain skills in assisting children with their homework and assignments, effective communication skills, conflict resolution and stress management, and to discuss the importance of education. A parent-child committee would be formed to plan activities and field trips for parents and children, to increase parental involvement and participation and to stimulate partnership and collaboration between parent, child and school. The Homework Club would hire a half time parent/child coordinator to coordinate the 'Proud Parents' component of the program. The coordinator would collaborate with the program director to design the parent workshop curriculum, manage the parent workshops, facilitate parent-child activities, and generate parent participation within the Homework Club program and the children's schools.

The partnership was awarded a grant of \$10,000 for FY 2002. The grant agreement specified that the \$10,000 grant was to be directed toward the 'Proud Parents' component of the Homework Club. According to the grant agreement, the grantee would provide bi-monthly, three-hour workshops for parents. Workshops would focus on school projects, conflict and stress management, and developing a home learning environment. Monthly field trips for parents and children, to improve and enhance relationships, would be provided. A parent/child

committee that meets bi-monthly would be organized. Parents would be interviewed twice a year to evaluate the program. The terms of the agreement were from July 1, 2001 to June 30, 2002.

The agreement required the grantee to provide to the Director of Citizen Services, on forms supplied by the County, a report that clearly showed fund expenditures and program performance. A semi-annual report was required to be submitted on the following dates, February 1, for the period July 1 – December 31; August 1, for the period January 1 – June 30. The semi-annual reports were required to contain sufficient data describing the work effort of the project to permit the County to evaluate the work effort. If satisfactory reports were not received by the indicated deadlines, subsequent payments could be withheld until a satisfactory report was received. The agreement included a requirement that the grantee submit a total fiscal year budget of the organization with a breakdown of how County funds were to be used no later than September 30, 2001.

The agreement also stated that the grounds for termination of the contract would be a failure to maintain the scheduled level of effort as proposed and prescribed and/or a deviation from the aforesaid schedule without prior approval of the County. Prior to terminating this agreement, the County would give the grantee 30 days written notice of such intent to terminate. The notice would specify the acts or omissions relied on as case of termination.

The partnership entered into a consulting agreement with an individual on October 15, 2001. Under the terms of the agreement, the consultant would provide bi-monthly three-hour workshops for parents, provide monthly field trips to parents and children, organize a parent/child committee to meet bi-monthly, and twice a year interview parents to evaluate the program. The agreement called for payments of \$2,000 per month. The consultant was paid at a rate of \$2,000 per month from October 2001 to February 2002 for a total of \$10,000. There was very little documentation showing what she did, what meetings and seminars were held, or the attendance statistics by staff and parents. There was also very little information about the field trips held, including attendance by parents and students. The contract ended on or about March 2, 2002. It is not clear which services the consultant actually performed. We requested that the partnership remit any additional documentation it might have as to workshops, including dates, topics and attendance, but we did not receive any additional documentation.

The Grants Coordinator's files only contain documentation for a parent workshop conducted on November 11, 2001, a follow-up meeting on November 25, 2001, and attendance at a community meeting on January 20, 2002.

The partnership applied for a grant of \$30,000 to continue the program for FY 2003, but it was not awarded.

The organization submitted quarterly reports for the first two quarters. Very little activity was shown for the first quarter (July to September) prior to the hiring of the consultant. The second quarter (October to December) report was received in February 2002 and reported expenditures of \$2,000 per month, for a total of \$6,000, for personnel. It also included a narrative stating that one workshop was held in December, monthly field trips were achieved as projected, the parent/child committee was organized in December, and the twice a year evaluation was scheduled for February. There was documentation that indicated that two workshops were held and future field trips were planned. Additional notes indicate that workshops were held on November 11 and 25, 2001. According to Dr. Carter's letter of April 12, field trips were held in November (Rounding Third), December (Baltimore Symphony), and January (Laurel Skating Center). The Grants Coordinator requested a revised second quarter report along with additional information. The revised report was requested because the initial report was incomplete. No revised second quarter report was received. Dates, attendance records and topics for the bi-monthly workshops were not included in the documentation we examined. No third or fourth quarter reports were submitted.

As a result of community complaints to the Administration regarding the program, the Grants Coordinator monitored the 'Proud Parents' program in May 2002. At that time, the organization had received \$7,500 of its \$10,000 grant. In a letter summarizing her findings after the program monitoring, the Grants Coordinator recommended that, because of the grantee's poor programmatic and fiscal performance, the County withhold the remaining \$2,500 of the grant awarded. She recommended that the remaining payment not be approved until a satisfactory written response to the report was received. If no response were received by June 7, 2002, the final payment would be forfeited. The remaining \$2,500 was never distributed. The entire \$7,500 received from Community Service Partnerships for FY 2002 was spent on the consultant's salary.

We traced the grant revenues of \$7,500 to bank statements and deposit slips of \$5,000 in July 2001 and \$2,500 in January 2002. These two receipts were deposited into two different partnership bank accounts. One bank account was entitled Ellicott City Partnership Homework Club. This account was used to write checks and was where most of the grant receipts were deposited. The other bank account was entitled Ellicott City Neighborhood Partnership and was used for some deposits and some checks. Quite a few bank fees were charged to this account. Many of the bank statements were missing.

Local Children's Board Grant

In September 2000, in response to RFP 13-01, the Ellicott City Neighborhood Partnership proposed a program to work with the children currently enrolled in the after school homework club. The proposed grant request was for staff support and program activities. Parents would be encouraged to accompany their children on field trips and social activities. The program would feature a series of workshops and learning seminars. The partnership requested grants of \$60,420 for FY 2001 and \$52,230 for FY 2002. The partnership was awarded grants of \$10,000 for FY 2001 and \$10,000 for FY 2002.

We traced grant revenues to the bank statements and deposit slips for FY 2002. The partnership received a total of \$10,000, made up of two deposits of \$5,000 each. The deposits were made into the same bank account, the same one where one of the Community Service Partnerships checks was deposited. This bank account was also used to write checks for expenditures.

Under the terms of the grant agreement, the grantee, the Ellicott City Neighborhood Partnership, agreed to provide all services, in accordance with the goals and objectives submitted in the grant proposal. The grant was for \$10,000 for FY 2002. According to the agreement, the grantee agreed to expend these funds solely for the program and purposes stated in the grant proposal. The grantee also agreed to submit a revised budget to the Local Children's Board reflecting expenditures for the grant award amount. Also, under the terms of the grant agreement, an annual audit of the financial statements was required. No audit was ever received.

The documentation we received from the Local Children's Board included a revised budget that was developed by the partnership for the \$10,000 approved grant amount. It included \$5,000 for a program coordinator to expand the existing program into social intervention and parental involvement at a rate of \$30 per hour for 165 hours of service spread out over nine months. It also included \$5,000 for a grant writing consultant to expand and further the financial capacity of the program. This consultant would be paid at a rate of \$30 per hour for 165 hours and the work would be accomplished over two months. The Local Children's Board never formally approved or rejected this revised budget.

Another projected budget included in the documentation proposed using the second half of the grant monies for an extended academic enrichment experience which would include academically and culturally enriching field trips for \$3,000, mentoring for students by various

professionals for \$1,000 and a summer enrichment camp for \$1,000. There is no indication that the Local Children's Board ever approved or rejected this budget.

According to the agreement, the grantee agreed to provide to the Local Children's Board, on forms supplied by the County, a report that clearly shows fund expenditures and program performance. These monthly reports were also required to contain sufficient data describing the work effort of the project to permit County evaluation of the program.

A financial report to the Local Children's Board from Dr. Carter specified that the \$10,000 grant was spent on staff and fringe benefits of \$7,427, contractual services of \$1,000, transportation of \$1,000, materials and supplies of \$300, and a mentoring workshop for \$273.

Three persons paid with grant monies were also employees of the Department of Recreation and Parks. One employee received \$7.00 per hour from the Department of Recreation and Parks and \$10.00 per hour from the partnership as a consultant. Another employee received \$12.50 per hour at the Department of Recreation and Parks, and \$15.00 per hour from the partnership. The partnership had a signed consulting agreement with this person for a rate of \$25.00 per hour, but paid him \$15.00 per hour. A third employee at the Department of Recreation and Parks who earned \$12.50 per hour was paid by the partnership. This employee received a one-time payment of \$273.78. No documentation or timesheet exists for this payment.

There were many discrepancies between the timesheets and the consulting agreements and the amounts paid, as well as omissions of pertinent information on the timesheets. Two of the consulting agreements were signed with an effective date of July 1, 2002, which was after the work had been performed and the fees had been paid. Two different persons earned \$25.00 per hour according to consulting agreements, however their timesheets did not indicate the number of hours worked, only a description of the work performed. One person earned \$25.00 per hour according to the consulting agreement, however the timesheets indicated a rate of \$15.00 per hour. He was paid at a rate of \$15.00 per hour except in one instance. A timesheet indicated that he had worked 20 hours at \$15.00 per hour which totaled \$300.00, however the check was made out and cashed for only \$30.00 with no written explanation. Another person earned \$25.00 per hour according to the consulting agreement, however the timesheet indicated a rate of \$35.00 per hour, which was used in calculating the payment. None of the timesheets had any signatures approving the payment.

The rate of pay and the hours worked were not shown on all timesheets. Different rates of pay were used on timesheets or checks compared to the consulting agreements. Not everyone paid for consulting services had a timesheet.

We reviewed documentation on expenditures for the FY 2002 grant, including financial records, consulting agreements, timesheets and attendance records. Under the terms of the grant agreement, funding was to be used for staff support and program activities. In most cases the checks do not indicate the purpose of the payment and are not supported by timesheets. We requested additional documentation on the usage of the \$10,000 grant including a description of the purpose of the payments and any available timesheets to support such payments. We also requested documentation for the purchase of any supplies and food. We only received a few additional timesheets.

Community Development Block Grant

There is an additional grant for a homework club called the Roger Carter Scholars Program. The Department of Recreation and Parks administers this grant. For FY 2002, this grant was \$40,000. We did not review the disbursements made by the Department of Recreation and Parks for this grant. The Roger Carter Scholars Program provides low to moderate-income children with a safe structured environment in which they may receive academic assistance with homework assignments, computer training and help with nutritional food preparation.

The Roger Carter Scholars Program operates two separate programs, one for elementary school students located in the Community Action Council's community center, and the middle to high school component operating at the Roger Carter Recreation Center adjacent to the Hilltop housing complex. Both of these programs are funded through a Community Development Block Grant from the Howard County Housing Department.

The Roger Carter Scholars Program organizes field trips for students. Field trips during FY 2002 included a fashion show, roller-skating, a sports park, the symphony of lights, and ice-skating. Dr. Carter gave the Grants Coordinator a list of field trips taken as part of the two Ellicott City Neighborhood Partnership grants. This list included the same field trips mentioned above, which were paid for by the CDBG grant and coordinated by the Roger Carter Scholars Program. Field trips undertaken through the Local Children's Board grant and the Community Service Partnerships grant should have been in addition to those field trips sponsored by the Roger Carter Scholars Program.

FINAL OBSERVATIONS AND RECOMMENDATIONS

As of April 22, 2002, expenditures for consulting services, transportation, food and other expenditures paid out of the primary partnership bank account totaled \$26,316 according to the Grants Coordinator's examination. We reviewed the Grants Coordinator's records and concur with this amount. During our meeting with Dr. Carter, we asked for an explanation of the use and grant source of the funds. He told us what the checks were for and which grant paid for them. The Community Service Partnerships grant paid for consulting fees. The consultant received \$10,000 of which \$7,500 was paid for with Community Service Partnerships grant funds. The remaining \$2,500 was paid with Local Children's Board grant funds or other grant or church funds. The specific funding source for these expenditures is unclear from the records. The Local Children's Board grant paid for consultants, transportation, food and summer program expenses. Other expenses were paid from other grants and contributions from churches. The funds were commingled, with little documentation.

Several issues contributed to the problems with these two grants. We noted that the Community Service Partnerships grant agreement was not modified to be consistent with a reduced work effort due to a reduced grant award of \$10,000 compared to a grant request of \$20,000. According to the Grants Coordinator, the agreement was not modified because it was felt that \$10,000 was more than reasonable to cover the objectives outlined in the grant proposal. The Local Children's Board grant agreement was not specific as to what services would be provided for the reduced grant award of \$10,000 compared to the request of over \$50,000. Although we found several versions of a modified budget, there was no indication that any of them had been approved by the grantor department. The Ellicott City Neighborhood Partnership had very poor record keeping and very poor accountability from those working for the partnership and those receiving payments from the partnership. This deficient record keeping extended to the seminars, meetings, transportation, food, field trips and every other area of the program. There were unnecessary bank charges for returned checks at a cost of \$31 each. Deposits of grant checks were made to two different bank accounts.

Checks were at times signed by two persons, at other times only by one person. Grant funds were commingled with church funds and other grant funds.

Record keeping and accountability by the grantee must be improved. Therefore, we propose the following recommendations be implemented:

The grantee:

1. *Keep complete and separate records for each grant. Although one bank account may be used for all grants, expenditures must be clearly identified as to grant source.*
2. *Keep complete and accurate documentation of expenditures. Expenditures must be identified to specific programs. Expenditures of grant funds by the grantee should be documented as to their purpose along with accompanying receipts, timesheets, and other documentation.*
3. *Establish a simple accounting system. It should include a cash receipts journal and a cash disbursements journal. This would eliminate uncertainty by indicating the purpose of the check written and the source of the funds received.*
4. *Document meetings, workshops and seminars with minutes, descriptions, and attendance lists.*
5. *Require that timesheets be filled out completely, verified against applicable agreements and have authorized approval signatures before payment is made for work performed.*
6. *Keep field trip records that include descriptions, permission slips, attendance lists, and receipts for amounts paid.*
7. *List the specific funding source for any field trip taken.*
8. *Keep food cost records that are backed up by receipts, reason food was needed, and attendance lists.*
9. *Keep records of travel expenditures that include number of hours worked, rate, destination, and mileage.*

The grant amounts awarded differed from the amounts requested in the applications. The work effort expected from a \$10,000 award should not be the same as that described in requests for \$20,000 and over \$50,000. In the case of the Community Service Partnerships grant, if the reduced grant amount awarded was in fact considered sufficient to fund the work effort outlined in the grant proposal for a greater amount, then that should have been stated in a grant award letter. Grant agreements should include reduced work efforts, not the same efforts proposed in the grant applications for much higher amounts. We recommend that:

The grantor:

1. *Ensure that future grant agreements specify what is expected from the grantee, and are modified in writing to reflect a reasonable work effort based on the amount of the grant awarded, not the amount of the grant requested.*

2. Require and then officially approve modified budgets and work plans prior to disbursement of funds.
3. Include a clause in future grant agreements stating that approved expenditures must be adequately documented or grantees will face the possibility of being required to return the funds granted.

LG:dl-ecnp02